



Steven L. Beshear
Governor

Robert D. Vance, Secretary
Environmental and Public
Protection Cabinet

Larry R. Bond
Commissioner
Department of Public Protection

Stephen G. Jenkins
Manager
Belfry Gas, Inc.
P. O. Box 155
Allen, KY 41601-0155

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

February 29, 2008

RE: Case No. 2008-00072
Belfry Gas, Inc.
(Purchased Gas Adjustment)
Purchase Gas Adjustment

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received February 28, 2008 and has been assigned Case No. 2008-00072. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact Dawn McGee at (502) 564-3940 ext. 243.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/tw

2008-72

BELFRY GAS COMPANY, INC.

Post Office Box 504
Allen, KY 41601
(606) 874-2846

RECEIVED

FEB 28 2008

PUBLIC SERVICE
COMMISSION

February 25, 2008

Public Service Commission
Attn: Beth O'Donnell
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Dear Ms. O'Donnell:

Please find enclosed Belfry Gas Company's PGA for April 1, 2008, thru July 1, 2008.

If you have any further questions, please feel free to contact me at the above address or telephone number.

Sincerely,

Stephen G. Jenkins

Stephen G. Jenkins, Manager
Belfry Gas Company, Inc.

Enclosure

BELFRY GAS COMPANY, INC.

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

FEBRUARY 26, 2008

Date Rates to be Effective:

APRIL 1, 2008

Reporting Period is Calendar Quarter Ended:

DECEMBER 31, 2007

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 10.0680
+ Refund Adjustment (RA)	\$/Mcf	0
+ Actual Adjustment (AA)	\$/Mcf	(.1724)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 9.8956

GCR to be effective for service rendered from APRIL 1, 2008 to JUNE 30, 2008

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
A. <u>EXPECTED GAS COST CALCULATION</u>		
Total Expected Gas Cost (Schedule III)	\$	409,556
+ Sales for the 12 months ended <u>DECEMBER 31, 2007</u>	Mcf	40,679
= Expected Gas Cost (EGC)	\$/Mcf	10.0680
B. <u>REFUND ADJUSTMENT CALCULATION</u>		
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	0
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
= Refund Adjustment (RA)	\$/Mcf	0
C. <u>ACTUAL ADJUSTMENT CALCULATION</u>		
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.0046
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.0079
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0106)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1743)
= Actual Adjustment (AA)	\$/Mcf	(.1724)
D. <u>BALANCE ADJUSTMENT CALCULATION</u>		
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	0
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	0
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	0
= Balance Adjustment (BA)	\$/Mcf	0

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>DECEMBER 31, 2007</u>					
(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) <u>Btu Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
Kinhag Development Company, LLC	33,899	1.20	40,679	10.0680	\$ 409,556
Totals	<u>33,899</u>		<u>40,679</u>		<u>\$ 409,556</u>

Line loss for 12 months ended DEC. 31, 2007 is .5924 % based on purchases of 40,679 Mcf and sales of 40,438 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	409,556
+ Mcf Purchases (4)	Mcf	40,679
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.0680
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	40,679
= Total Expected Gas Cost (to Schedule IA.)	\$	409,556

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended DECEMBER 31, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	0
<u>+ Interest</u>	\$	<u>0</u>
= Refund Adjustment including interest	\$	0
<u>+ Sales for 12 months ended</u>	Mcf	<u>0</u>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	<u>0</u>

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended DECEMBER 31, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (OCT)</u>	<u>Month 2 (NOV)</u>	<u>Month 3 (DEC)</u>
Total Supply Volumes Purchased	Mcf	853	2977	5159
Total Cost of Volumes Purchased	\$	6,592	23,006	39,869
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	839	2967	5159
= Unit Cost of Gas	\$/Mcf	7,8570	7,7540	7,7281
- EGC in effect for month	\$/Mcf	7,7280	7,7280	7,7280
= Difference [(Over-)/Under-Recovery]	\$/Mcf	.129	.026	.0001
x Actual sales during month	Mcf	839	2967	5159
= Monthly cost difference	\$	108.231	77.142	.5159

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	185.8889
+ Sales for 12 months ended <u>DECEMBER 31, 2007</u>	Mcf	40,438
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.0046

KINHAG DEVELOPMENT COMPANY, LLC

P. O. BOX 155
ALLEN, KY 41601

February 22, 2008

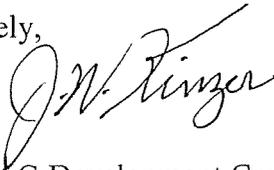
Belfry Gas Company, Inc.
P.O. Box 504
Allen, KY 41601

RE: Gas Purchase Contract

Gentlemen:

This is to notify you that there will be a gas price adjustment effective April 1, 2008. Your company will be charged a cost of \$10.0680 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinthag Development Company, LLC, and the most current FERC Index as of February 15, 2008. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KINHAG Development Company, LLC

Enclosure

NYMEX

15 February 08 – Settle

Month	Price	Change	Highest	Lowest
Mar.	8.660	-.112	15.287	1.249
Apr.	8.668	-.112	11.508	1.418
May	8.680	-.112	11.158	1.596
June	8.730	-.112	11.180	1.685
July	8.806	-.112	11.213	1.517
Aug.	8.872	-.112	11.253	1.385
Sept.	8.885	-.111	11.243	1.484
Oct.	8.970	-.110	13.907	1.406
Nov.	9.260	-.128	14.338	1.772
Dec.	9.580	-.140	14.764	1.661
Jan.	9.800	-.140	15.378	1.639
Feb.	9.785	-.140	15.427	1.046

Ave. = 9.0580

9.0580 + .28 = 9.3380

ALL TIME HIGH 12.7018

MARCH CRUDE 95.50 +.04

ALL TIME HIGH 99.62

DOW 12,348.21 -28.77

ALL TIME HIGH 14,164.53

NASDAC 2321.80 -10.74

23 February through 29 February – The Northeast and the Southwest will be warmer than normal.

INSIDE FERC INDICES FOR FEBRUARY

COLUMBIA APPALACHIA = \$8.29

COLUMBIA GULF ONSHORE LA. = \$7.98

BASIS = \$.31

TENN. LA 800 LEG = \$7.96

DOMINION TRANS. (APPAL) = \$8.53